

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 581 - SB 939

March 21, 2017

SUMMARY OF BILL: Establishes a method by which the terms of a privilege or franchise agreement between a local government entity and a public gas utility may be negotiated.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The proposed language requires certain notifications and negotiations to occur between a local government entity and a public gas utility if one party desires to alter the terms of a privilege or franchise agreement.
- In the event no new agreement is reached after 12 months of negotiations, the local government entity shall inform the Tennessee Regulatory Authority (TRA) of its decision to condemn the facilities, terminate the privilege or franchise, or extend negotiations.
- Pursuant to Tenn. Code Ann. § 65-4-107(b), all terms, conditions, obligations, and rights of a privilege or franchise approved by the TRA for natural gas service shall remain in effect until approval of a subsequent privilege or franchise by the TRA.
- According to the TRA, there is an average of 4 franchises filed per year; it is unknown how many of these are renegotiated franchises.
- Filing a franchise, new or renegotiated, requires a \$25 filing fee.
- The proposed language is not expected to increase the number of renegotiated franchise or privilege agreements established between a public gas utility and a local government entity, it merely establishes a method by which such agreement should be negotiated; as a result, there is no significant state or local increase in revenue or expenditures.

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- The proposed language is not expected to increase the number of renegotiated franchise or privilege agreements established between a public gas utility and a local government entity, it merely establishes a method by which such agreement should be negotiated; as a result, there will be no impact to commerce or jobs in Tennessee.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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